

INITIAL STATEMENT OF REASONS

a) Specific Purpose of the Regulations and Factual Basis for Determination that Regulations Are Necessary

Section 42-207.1

Specific Purpose:

This section is being revised to change the outdated references to Food Stamps, currently referred to as CalFresh.

Factual Basis:

This section is necessary for clarity and consistency in complying with Welfare and Institutions Code (WIC) section 18900.2(a), which references CalFresh in the Manual of Policies and Procedures (MPP).

Section 42-207.2 (Handbook)

Specific Purpose:

This handbook section is being amended to correct the outdated references to Food Stamps, currently referred to as CalFresh, and to revise the current California Work Opportunities and Responsibility to Kids (CalWORKs) resource limits of \$3,500 for Assistance Units (AUs), with at least one family member who is disabled or aged 60 or older, and \$2,250 for all other AUs.

Factual Basis:

This section is necessary for clarity and consistency in complying with WIC section 18900.2(a), which references CalFresh. This section is also necessary to align the CalWORKs resource rules with the CalFresh program to comply with WIC section 11155(a) and Administrative Notice (AN) 17-30, which increased the resource limits from \$3,250 to \$3,500 for households with disabled or aged 60 or older family members, effective October 1, 2017, pursuant to Section 5(g) of the Food, Conservation, and Energy Act of 2008. In addition, effective October 1, 2014, under the Food and Nutrition Act of 2008 and the United States Department of Agriculture, Food and Nutrition Service (FNS) – AN 14-55 and AN 14-56, the resource limits increased from \$2,000 to \$2,250 for all other family members.

Section 42-213.2

Specific Purpose:

This section is amended to repeal references to motor vehicles excluded as personal property using CalFresh property rules and repeals references to specified CalFresh regulation sections in the MPP related to motor vehicle exclusion rules. This section also further clarifies that CalWORKs regulations specifically exempt certain retirement and education accounts.

Factual Basis:

This section is necessary to comply with WIC section 11155(b), which was amended by Assembly Bill (AB) 74 (Chapter 21, Statutes of 2013). AB 74 removed the valuation of motor vehicles from CalFresh rules. The motor vehicle valuation is now in a separate section in this regulations package (see Section 42-215.4).

Additionally, CalWORKs regulations continue to follow methods established under the CalFresh program on excluding personal property resources when evaluating property pursuant to WIC section 11155(b), Public Law (PL) 110-246, and Section 4104(B) of The Food, Conservation and Energy Act of 2008, in which education and retirement accounts are exempted for CalFresh applicants and recipients; thus, the same exclusion rules also apply to CalWORKs applicants and recipients. This section is also necessary to comply with WIC sections 11155.6(a)(1) and 11155.6(a)(2), which provide additional exemptions to specific retirement accounts [i.e. 401(k), 403(b), 457, Individual Retirement Account (IRA)] and education accounts [i.e. Coverdell Education Saving Accounts (ESAs)] for recipients and certain retirement accounts (i.e. 401(k), 403(b) and 457) for applicants (including principal and interest in those accounts) from consideration as property when determining CalWORKs eligibility.

Section 42-213.231(a)(1)

Specific Purpose:

This section is amending the reference to the resource limit from \$2,000 to \$2,250.

Factual Basis:

This section is necessary to be consistent with Sections 42-207.1 and 42-207.2 as amended in this regulation package, which aligns the CalWORKs resource rules with the CalFresh program.

Section 42-213.231(b)(1)

Specific Purpose:

This section is amending the reference to the resource limit from \$2,000 to \$2,250.

Factual Basis:

This section is necessary to be consistent with Sections 42-207.1 and 42-207.2, as amended in this regulation package, which aligns the CalWORKs resource rules with the CalFresh program.

Handbook Section 42-213.231(m)(1) Example 2 (B)

Specific Purpose:

This handbook section amends the resource limit from \$2,000 to \$2,250 for family members in the AU to make it consistent with the CalFresh Program. This section is also amended to remove this specific Minimum Basic Standard of Adequate Care (MBSAC) amount level and related calculations, and to indicate the use of the current MBSAC amount to calculate the number of months for a Period of Ineligibility (POI) when CalWORKs recipients make non-qualifying withdrawals from their restricted accounts.

Factual Basis:

This section is necessary to be consistent with Sections 42-207.1 and 42-207.2, as amended in this regulation package, which aligns the CalWORKs resource rules with the CalFresh program.

Additionally, this section is necessary to comply with WIC sections 11450(a)(1) and 11155.2(b) in using the current MBSAC level to calculate the period of CalWORKs ineligibility, and WIC section 11453 which requires CalWORKs MBSAC levels to be adjusted annually to reflect any increase or decreases in the cost of living. This amendment removes the specific MBSAC level amounts that are being used in this regulation and references the use of current MBSAC level amounts as adjusted annually to avoid using outdated MBSAC level amounts when calculating the POI months. Existing regulations allow CalWORKs recipients to maintain an unlimited amount of savings in restricted accounts for qualified expenses such as a home purchase, education/job training and new business start-up, and homelessness prevention. Any non-qualifying withdrawal results in a period of ineligibility for the AU, which is the whole number of months of ineligibility calculated because of dividing the balance in the restricted account prior to the withdrawal by the current MBSAC amount level for the number of family members in the AU.

Section 42-213.24

Specific Purpose:

This section is being amended to clarify that vehicles are motor vehicles.

Factual Basis:

This amendment is necessary to be consistent with WIC section 11155(c). WIC section 11155(c) was amended by Senate Bill (SB) 98 (Chapter 358, Statutes of 2013), which changed the reference to vehicles from "licensed or unlicensed" vehicles to "motor" vehicles.

Section 42-213.25

Specific Purpose:

This section is being adopted to instruct counties to refer to Section 42-215.4 for all motor vehicles when evaluating property for determining CalWORKs eligibility.

Factual Basis:

This adoption is necessary to make CalWORKs regulations consistent with WIC section 11155(b), which specifies that motor vehicle valuation does not follow CalFresh rules.

Section 42-215.4

This section is being amended to clarify that vehicles are motor vehicles.

Factual Basis:

This amendment is necessary to be consistent with WIC section 11155(c). WIC section 11155(c) was amended by SB 98, which changed the reference to vehicles from "licensed or unlicensed" vehicles to "motor" vehicles.

Section 42-215.41

Specific Purpose:

This section is being amended to change the section title to "Equity Value of Vehicles" from "Fair Market Value of Motor Vehicles."

Factual Basis:

This amendment is necessary to make CalWORKs regulations consistent with WIC section 11155(c)(1)(A), which was amended by AB 74 and SB 98 to require the value of a motor vehicle to be the equity value of the motor vehicle, rather than the Fair Market Value (FMV) of the motor vehicle.

Section 42-215.411

Specific Purpose:

This section is being amended to remove the methods for verifying the FMV of a motor vehicle, since CalWORKs families will be allowed to self-certify the FMV of all motor vehicles and to specify an exemption from CalWORKs resource limit rules for any non-exempt motor vehicle that has an equity value of less than \$9,500. It also specifies that any equity value that exceeds this amount is counted towards an AU's resource limits.

Factual Basis:

This section is necessary to comply with WIC sections 11155(c)(1)(B) and 11155(c)(1)(C), as established by AB 74 (Section 13) and amended by SB 98. These amended sections specify that any motor vehicle with an equity value under \$9,500 is not counted towards a family's resource level and that any motor vehicle that has an equity value more than the \$9,500 motor vehicle asset limit is to be counted towards the AU's maximum resource limits. This regulation is a substantial duplication of WIC sections 11155(c)(1)(B) and 11155(c)(1)(C), and is necessary to provide clear guidance to the County Welfare Departments (CWDs) that administer the CalWORKs program.

Section 42-215.412

Specific Purpose:

This section is being amended to allow CalWORKs families to self-certify the FMV of all motor vehicles and any encumbrances, and to specify the required form to be used by applicants and recipients to self-certify a motor vehicle to determine if it is counted towards the CalWORKs resource limit. This section is also amended to delete the requirement that counties obtain certain documentation from the applicant to determine the FMV of a motor vehicle.

Factual Basis:

This amendment is necessary to comply with WIC section 11155(c)(3), as amended by AB 74, which requires families to self-certify any encumbrances (owed amount if any) on their motor vehicle and WIC section 11155(c)(3) that requires a county to determine the FMV of a vehicle "in accordance with a methodology determined by the Department." The California Department of Social Services (Department) has determined that a family may self-certify the FMV of a motor

vehicle. Because a family may self-certify the FMV of a motor vehicle, it is no longer necessary to require counties to obtain certain documentation from the applicant to determine the FMV of a motor vehicle. This regulation, in part, is a substantial duplication of WIC section 11155(c)(3) and is necessary to provide clear guidance to the CWDs that administer the CalWORKs program.

This adoption is also necessary to make CalWORKs regulations consistent with WIC section 11155(c)(3), which was amended by AB 74 and SB 98, and to provide specific guidance for all counties to follow in determining the value of motor vehicles. This regulatory action is necessary to allow CalWORKs applicants and recipients to self-certify the FMV and/or encumbrances (owed amount if any) of all motor vehicles in the AU using a new form, CW 80, or completing the motor vehicle section of the appropriate statement of facts. The motor vehicle's equity value is the FMV less the encumbrances. This regulation is consistent with WIC section 11155(c)(3) and is necessary to provide clear guidance to the CWDs that administer the CalWORKs program.

Section 42-215.413

Specific Purpose:

This section is being amended to delete the various methods and requirements for determining the FMV of motor vehicles since CalWORKs clients will not need to declare the FMV of a motor vehicle if it is determined to be exempt.

Factual Basis:

This amendment is necessary to comply with WIC sections 11155(c)(3) and 11155(c)(4)(A)-(H), as amended by AB 74 and SB 98, which clarifies that if the entire value of a motor vehicle is exempt per Section 42-215.431, a declaration of FMV is not required. WIC section 11155(c)(3) also requires a county to determine the FMV of a motor vehicle "in accordance with a methodology determined by the Department." The Department has determined that a family may self-certify the FMV of a motor vehicle. This amendment is also necessary to comply with WIC section 11155(c), which was amended by SB 98, as vehicles are no longer distinguished as "licensed or unlicensed" vehicles but as "motor" vehicles.

Section 42-215.42

Specific Purpose:

This section is no longer referenced as a handbook section and is being amended to show when and how the Self-Certification Form for Motor Vehicles - CW 80 form will be used by CalWORKs families. This section is also amended to delete the reference to the "Handling of Unlicensed Vehicles" and the method for determining the value of motor vehicles.

Factual Basis:

This amendment is necessary to provide guidance to the CWDs on how to determine the equity value and/or exemption status of all vehicles in the AU using a new form, CW 80, or completing the motor vehicle section in the appropriate statement of facts, as counties are no longer required to determine the value of "unlicensed" motor vehicles. This amendment is necessary to comply with WIC section 11155(c)(3) as amended by AB 74, which requires families to self-certify any encumbrances (owed amount if any) on their motor vehicle. WIC section 11155(c)(3) also requires a county to determine the FMV of a motor vehicle "in accordance with a methodology determined by the Department." The Department has determined that a family may self-certify the FMV of a motor vehicle. This amendment is also necessary to comply with WIC section 11155(c), which was amended by SB 98, as vehicles are no longer distinguished as "licensed or unlicensed" vehicles but as "motor" vehicles.

Section 42-215.43

Specific Purpose:

This section is amended to delete the reference to "licensed" vehicles and replaces that term with "motor" vehicles. This section is also amended to delete the phrase "the greater of the fair market value as provided in Section 42-215.44."

Factual Basis:

This amendment is necessary to comply with WIC section 11155(c), which was amended by SB 98, as vehicles are no longer distinguished as "licensed or unlicensed" vehicles but as "motor" vehicles. In addition, WIC section 11155(c)(1)(A), which was amended by AB 74, changes the way the value of motor vehicles is calculated from determining the fair market value of motor vehicles to determining the equity value of motor vehicles, making the reference to "the greater of the fair market value as provided in Section 42-215.44" obsolete, effective January 1, 2014.

Section 42-215.431

Specific Purpose:

This section is amended to change the references from "licensed" vehicles to "motor" vehicles.

Factual Basis:

This amendment is necessary to comply with current WIC section 11155(c), which was amended by SB 98. Vehicles are no longer distinguished as "licensed or unlicensed," but as "motor" vehicles pursuant to SB 98.

Section 42-215.431(e)(3) and (4)

Specific Purpose:

These sections are being amended to clarify that vehicles are motor vehicles.

Factual Basis:

This amendment is necessary to be consistent with WIC section 11155(c). WIC section 11155(c) was amended by SB 98, which changed the reference to vehicles from "licensed or unlicensed" vehicles to "motor" vehicles.

Section 42-215.431(f)

Specific Purpose:

This section is being amended to clarify that vehicles are motor vehicles.

Factual Basis:

This amendment is necessary to be consistent with WIC section 11155(c). WIC section 11155(c) was amended by SB 98, which changed the reference to vehicles from "licensed or unlicensed" vehicles to "motor" vehicles.

Section 42-215.431(h)

Specific Purpose:

This section is being amended to repeal the exemption for a vehicle with an equity value of \$1,501 and to add a new exemption for any motor vehicle that is transferred as a gift, donation, or family transfer as defined by the Department of Motor Vehicles (DMV).

Factual Basis:

This revision is necessary to comply with WIC section 11155(c)(4)(H), as amended by AB 74 in Section 13, which eliminated the \$1,501 equity value exemption in WIC section 11155(c)(4)(H), making this reference inoperative on January 1, 2014. The eliminated \$1,501 equity value exemption was replaced with a new exemption, which was added into the statute in Section 13 of AB 74 [WIC section 11155(c)(4)(H)], effective January 1, 2014. This new exemption allows ownership of any motor vehicle that is transferred to the client as a gift, donation, or family transfer, and as defined by the DMV.

Repealed Sections 42-215.44 and 42-215.441

Specific Purpose:

These sections are being repealed to remove the methodology of evaluating non-exempt vehicles.

Factual Basis:

Prior to the enactment of AB 74, the non-exempt vehicle's fair market value was evaluated and any amount that exceeded \$4,650, regardless of any encumbrances, was counted toward the family's resource level. Section 13 of AB 74 amended WIC section 11155 to allow applicants or recipients to evaluate the equity value of a non-exempt motor vehicle (fair market value less encumbrances), which became operative on January 1, 2014.

Repealed Section 42-215.45

Specific Purpose:

This section is repealed because it is not necessary to reference "licensed" vehicles that should be excluded when calculating the equity value of motor vehicles.

Factual Basis:

This repeal is necessary to comply with WIC section 11155(c), which was amended by SB 98, as vehicles are no longer distinguished as "licensed or unlicensed" vehicles but as "motor" vehicles.

Repealed Section 42-215.451

Specific Purpose:

This section is repealed as Sections 42-215.43 and 42-215.431 identified the motor vehicles that should be excluded when calculating the equity value of vehicles.

Factual Basis:

This repeal is necessary to maintain consistency with the amendments made in Section 42-215.43.

Repealed Section 42-215.452

Specific Purpose:

The section is amended to repeal the exclusion that allowed one licensed motor vehicle per adult family member to be excluded from being evaluated for its equity value.

Factual Basis:

This amendment is necessary to comply with Section 13 in AB 74, which established new provisions for WIC section 11155. Section 12 of AB 74 in WIC section 11155(e) repealed the prior provisions of WIC section 11155, effective January 1, 2014, including WIC section 11155(c)(4)(A). WIC section 11155(c)(4)(A) provided the exception for one licensed motor vehicle per adult family member, regardless of the use of the motor vehicle, when evaluating motor vehicles or their equity value.

Repealed Section 42-215.453

Specific Purpose:

This section repeals the exemption from evaluating a motor vehicle's equity value when it is driven by a household member under 18 years of age for training or education purposes.

Factual Basis:

This repeal is necessary to comply with Section 13 of AB 74, which established new provisions for WIC section 11155. Section 12 of AB 74 in WIC section 11155(e) repealed the prior provisions of WIC section 11155, effective January 1, 2014, including WIC section 11155(c)(4)(B) which provided an exception for any other licensed vehicle driven by a household member under 18 years of age to commute to and from employment or training or education that is preparatory to employment, or to seek employment.

Section 42-215.44 Renumbered from 42-215.46

Specific Purpose:

This section is amended to delete the references to the former method of calculating the value of a motor vehicle, which compared the FMV more than the vehicle exclusion limit and the equity value of a motor vehicle. This section is also amended to increase the equity value of all motor vehicles to \$9,500 and to require that any excess shall be counted toward the AU's specified resource limit.

Factual Basis:

This amendment is necessary to comply with current WIC section 11155(c)(1)(A), as amended by AB 74, which changed the methodology for calculating the value of vehicles in the CalWORKs program by requiring counties to determine the equity value of the motor vehicle. The vehicle's equity value is the FMV less the encumbrances. In addition, WIC section 11155(c)(1)(C), as established in Section 13 of AB 74, requires any non-exempt vehicle that has an equity value more than \$9,500 will be counted towards the AU's maximum resource limits. This regulation is a substantial duplication of WIC section 11155(c)(1)(C), and is necessary to provide clear guidance to the CWDs that administer the CalWORKs program.

Handbook Section 42-215.441 (Renumbered from 42-215.461)

Specific Purpose/Factual Basis:

This handbook section provides a revised example for computing the equity value of a non-exempt motor vehicle and how it is applied towards the resource limit. The motor vehicle's equity value is the FMV less the encumbrances. Any non-exempt motor vehicle that has an equity value more than \$9,500 will be counted towards the AU's maximum resource limits.

Section 42-215.45 Renumbered from 42-215.47

Specific Purpose/Factual Basis:

The section is renumbered from existing Section 42-215.47 to Section 42-215.45, respectively, to maintain consistent numbering. This section was also amended to clarify that a vehicle is a "motor" vehicle.

Section 42-215.451 Renumbered from 42-215.471

Specific Purpose/Factual Basis:

The section is renumbered from existing Section 42-215.471 to Section 42-215.451, respectively, to maintain consistent numbering. This amendment is necessary to be consistent with WIC section 11105, which refers to vehicles as motor vehicles. WIC section 11155(c) was amended by SB 98 (Chapter 358, Statutes of 2013), which changed the reference to vehicles from "licensed and unlicensed" vehicles to "motor" vehicles.

Section 42-215.451(h)

Specific Purpose:

This section is adopted to allow CalWORKs AUs a new exemption for any motor vehicle that was received as a gift, donation, or family transfer.

Factual Basis:

This amendment is necessary to add a new exemption that complies with WIC section 11155(c)(4)(H) that was adopted by AB 74, effective January 1, 2014, pursuant to WIC section 11155(d) in Section 13 of the bill. This regulation is a substantial duplication of WIC section 11155(c)(4)(H) and is necessary to provide clear guidance to the CWDs that administer the CalWORKs program

Section 42-215.452 Renumbered from 42-215.472

Specific Purpose:

This section is amended to repeal the exemption for any licensed or unlicensed motor vehicle that has a valuation of less than \$1,500, which is considered as an inaccessible resource when evaluating at application or when a new vehicle is reported. This section is also amended to evaluate a non-exempt motor vehicle at initial application when the AU reports a new motor vehicle on the Semi-Annual Reporting (SAR) 7 and at annual redetermination.

Additionally, this section is being renumbered to correctly identify it as Section 42-215.452 (Step Two), which was changed from Section 42-215.472 (Step Two), respectively, to maintain consistent numbering and has no regulatory effect.

Factual Basis:

Section 12 of AB 74 eliminated the meaning of inaccessible resource vehicle that has an estimated return of \$1,501 or less, effective January 1, 2014, that previously existed as WIC section 11155(c)(2)(H). As a result, the valuation of an inaccessible vehicle is no longer required. This section further clarifies that a non-excludable vehicle needs to be evaluated at the initial application, when the AU is to report any new vehicle on the SAR 7, and at each annual redetermination. This amendment is necessary to comply with WIC sections 11265 and 11265.1, which require the recipient to submit a semiannual report form SAR 7 during the first semiannual reporting period following the application or annual redetermination for determining continued cash aid eligibility.

Repealed Section 42-215.473

Specific Purpose:

This section is being amended to remove the determining methods of exempting one motor vehicle per adult family member and teenager under 18 years old.

Factual Basis:

This amendment is necessary to comply with Section 13 in AB 74, which established new provisions for WIC section 11155. Section 12 of AB 74 in WIC section 11155(e) repealed the prior provisions of WIC 11155, effective January 1, 2014, including WIC section 11155(c)(4)(A), which provided the exception for one licensed vehicle per adult family member, regardless of the use of the vehicle when evaluating motor vehicles or their equity value. In addition, Section 11155(c)(4)(B) provided an exception for any other licensed vehicle driven by a household member under 18 years of age to commute to and from employment, training, or education that is preparatory to employment or to seek employment, which was also repealed.

Repealed Section 42-215.474

Specific Purpose:

This section is being amended to remove the old method of evaluating a remaining licensed motor vehicle, which required looking at the greater excess FMV or equity value as a countable resource.

Factual Basis:

This amendment is necessary to comply with WIC section 11155(c)(1)(A), which was amended by AB 74 in Section 13. This section will no longer be used to reference how excess FMV or equity value will be used to determine resource eligibility for CalWORKs AUs. Section 13 of AB 74 added WIC section 11155, which allows applicants or recipients to evaluate the equity value of a non-exempt motor vehicle (fair market value less encumbrances), effective January 1, 2014.

Section 42-215.453 Renumbered from Section 42-215.475

Specific Purpose:

This section is amended to change the references from "licensed" vehicles to "motor" vehicles and to clarify that vehicles are motor vehicles. Additionally, this section is also being renumbered to correctly identify it as Section 42-215.453 (Step Three), which was changed from Section 42-215.475 (Step Five), respectively, to maintain consistent numbering and has no regulatory effect.

Factual Basis:

This amendment is necessary to comply with WIC section 11155(c)(1)(A), as amended by SB 98, changing how vehicles are no longer referred to as "licensed or unlicensed" vehicles but as "motor" vehicles.

Additionally, this section is renumbered from existing Section 42-215.475 (Step Five) to Section 42-215.453 (Step Three), respectively, to maintain consistent numbering and has no regulatory effect.

Sections 42-215.46, 42-215.461, and 42-215.462 Renumbered from Sections 42-215.48, 42-215.481 and 42-215.482

Specific Purpose:

These sections are being amended to delete references to "licensed" or "unlicensed" vehicles and to add references to "motor" vehicles.

Factual Basis:

This amendment is necessary to comply with WIC section 11155, which was amended by SB 98, as vehicles are no longer referred to as "licensed" or "unlicensed," but as "motor" vehicles.

Handbook Section 42-221.3

Specific Purpose:

This handbook section is amending the computation example to include the current resource limit for CalWORKs families to make it consistent with the CalFresh Program and references the use of the MBSAC amount level to calculate the number of months for a POI when CalWORKs recipients sell their non-excluded real property for less than the FMV.

Factual Basis:

This section is necessary to align the CalWORKs resource rules with the CalFresh program to comply with WIC section 11155(a), as authorized by Administrative Notice (AN) 17-30, in accordance with the Federal Law Section 5(g) of the Food, Conservation, and Energy Act of 2008. CalFresh regulations have changed to increase the resource limits from \$3,000 to \$3,500 for households with people that are disabled or aged 60, or older family members effective October 1, 2017. In addition, effective October 1, 2014, under the Food and Nutrition Act of 2008 and the United States Department of Agriculture, Food and Nutrition Service (FNS) – AN 14-55 and AN 14-56, the resource limits increased from \$2,000 to \$2,250 for all other family members.

This is necessary to comply with WIC sections 11450(a)(1) and 11155.2(b) in using the current MBSAC level to calculate the period of CalWORKs ineligibility, and WIC section 11453, which requires CalWORKs MBSAC levels to be adjusted annually to reflect any increase or decreases in the cost of living. This amendment removes the specific MBSAC level amounts that are being used in this regulation and references the use of current MBSAC level amounts as adjusted annually to avoid using outdated MBSAC level amounts when calculating the POI months. Section 42-221.1 allows CalWORKs recipients the right to give, receive, sell, exchange, or change the form of property. However, the period of ineligibility must be determined when a recipient gives away, transfers, or sells their non-excluded property, for less than its FMV causing the AU to exceed its eligibility for cash aid.

Section 80-310(c)(13)

Specific Purpose:

This amendment is added to incorporate by reference the CW 80 form, Self-Certification Form for Motor Vehicles – CalWORKs, which is to be completed by CalWORKs recipients to self-certify the FMV and/or encumbrances (owed amount if any) of all motor vehicles in the AU to determine whether their motor

vehicle is being excluded from resources consideration. This form is required and substitutes are permitted with prior approval by the Department.

Factual Basis:

The adoption of this form is necessary to comply with WIC section 11155(c)(1)(3), as amended by AB 74, which requires CalWORKs applicants and recipients to self-certify the FMV and/or encumbrances (owed amount if any) of all motor vehicles in the AU. This form is designed specifically for the CalWORKs program and is required when a recipient reports a vehicle that has not previously been reported at application, the previous SAR 7 or annual redetermination.

Section 80-310(c)(14) Renumbered from Section 80-310(c)(13)

Specific Purpose/Factual Basis:

This section is renumbered from existing Section 80-310(c)(13) to Section 80-310(c)(14), respectively, to maintain consistent numbering and has no regulatory effect.

Section 80-310(c)(15) Renumbered from Section 80-310(c)(14)

Specific Purpose/Factual Basis:

This section is renumbered from existing Section 80-310(c)(14) to Section 80-310(c)(15), respectively, to maintain consistent numbering and has no regulatory effect.

Section 80-310(c)(16) Renumbered from Section 80-310(c)(15)

Specific Purpose/Factual Basis:

This section is renumbered from existing Section 80-310(c)(15) to Section 80-310(c)(16), respectively, to maintain consistent numbering and has no regulatory effect.

Section 80-310(c)(17) Renumbered from Section 80-310(c)(16)

Specific Purpose/Factual Basis:

This section is renumbered from existing Section 80-310(c)(16) to Section 80-310(c)(17), respectively, to maintain consistent numbering and has no regulatory effect.

b) Identification of Documents Upon Which Department Is Relying

AB 74 (Chapter 21, Statutes of 2013),
SB 98 (Chapter 358, Statutes of 2013),

Food and Nutrition Act of 2008 and the United States Department of Agriculture, Food and Nutrition Service (FNS) – Administrative Notices (AN) 14-55, 14-56, 17-30

c) Local Mandate Statement

These regulations do impose a state mandate on local agencies and on school districts. If the Commission on State Mandates determines that these regulations contain reimbursable costs mandated by the state, reimbursement to local agencies and school districts for those costs under Section 17500 et seq. of the Government Code (GC).

d) Statement of Alternatives Considered

In developing the regulatory action, the Department did not consider any other alternatives as there were no other alternatives proposed. The Department has determined that no other reasonable alternative was identified and brought to the attention of the Department that would be more effective in carrying out the purpose for which the regulations are proposed or would be less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

e) Statement of Significant Adverse Economic Impact On Business

The Department has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. This determination was made because this regulatory change was designed to impact only the CalWORKs population to aid them in achieving economic self-sufficiency.

f) Economic Impact Assessment

In accordance with the GC section 11346.3(b), the Department has made an initial determination that there is no impact on California businesses as a result of filing these regulations because these regulations are only applicable to state and county agencies. The Department is updating the regulation sections of the property rules to be consistent with the current state statute.

Creation or Elimination of Jobs Within the State of California

These amendments will change the valuation and treatment of motor vehicles when determining resource eligibility of non-exempt motor vehicles that have an equity value of \$9,500, allow families to self-certify the FMV of a motor vehicle and any encumbrances, and adds a new exemption for CalWORKs AUs who have received a motor vehicle as a gift, donation, or family transfer. In addition, the proposed regulations make technical, conforming changes, such as adopting, amending, and repealing sections as necessary.

The proposed regulations modify the property rules related to the motor vehicle asset limit and to raise the resource limits for all members in the AU in the CalWORKs program. The proposed regulations only pertain to current CalWORKs participants and are mandated by the State of California. Therefore, the Department has determined that this regulatory proposal will not result in the creation or elimination of existing jobs in the State of California.

Creation of New or Elimination of Existing Businesses Within the State of California

These amendments will change the valuation and treatment of motor vehicles when determining resource eligibility of non-exempt motor vehicles that have an equity value of \$9,500, allow families to self-certify the FMV of a motor vehicle and any encumbrances, and adds a new exemption for CalWORKs AUs who have received a motor vehicle as a gift, donation, or family transfer. In addition, the proposed regulations make technical, conforming changes, such as adopting, amending, and repealing sections as necessary.

The proposed regulations modify the property rules related to the motor vehicle asset limit and to raise the resource limits for all members in the AU in the CalWORKs program. The proposed regulations only pertain to current CalWORKs participants and are mandated by the State of California. Therefore, the Department has determined that this regulatory proposal will not result in the creation or elimination of existing businesses in the State of California.

Expansion of Businesses or Elimination of Existing Businesses Within the State of California

These amendments will change the valuation and treatment of motor vehicles when determining resource eligibility of non-exempt motor vehicles that have an equity value of \$9,500, allow families to self-certify the FMV of a motor vehicle and any encumbrances, and adds a new exemption for CalWORKs AUs who have received a motor vehicle as a gift, donation, or family transfer. In addition, the proposed regulations make technical, conforming changes, such as adopting, amending and repealing sections as necessary.

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Benefits of the Regulations

This regulatory action including amendments will benefit the health and welfare of California residents by allowing CalWORKs families to own motor vehicles valued at \$9,500 or less without losing their CalWORKs eligibility. The amended and adopted regulations will increase the likelihood of stable families moving towards self-sufficiency, resulting in a positive economic impact to the state. This regulatory action does not make changes to regulations involving worker safety or the state's environment, as the regulations only affect individuals participating in the

CalWORKs program. In addition, the proposed regulations will make other technical, conforming changes, such as adopting, amending, and repealing sections as necessary.

Documents Relied Upon

The documents relied upon in proposing this regulatory action are AB 74 (Chapter 21, Statutes of 2013), SB 98 (Chapter 358, Statutes of 2013), WIC section 11155, Food and Nutrition Act of 2008, and the United States Department of Agriculture, Food and Nutrition Service (FNS) – Administrative Notices (AN) 14-55, 14-56 and 17-30.

g) Benefits Anticipated from Regulatory Action

This regulatory action will benefit CalWORKs families by allowing them to have resources up to \$2,250 or \$3,500 if aged 60 or older or disabled. This regulatory action will change the valuation and treatment of motor vehicles when determining resource eligibility of non-exempt motor vehicles that have an equity value of \$9,500, and will allow families to self-certify the fair market value of a motor vehicle and any encumbrances. This action will add a new exemption for CalWORKs AUs who have received a motor vehicle as a gift, donation, or family transfer. These changes will allow more low-income families to qualify for CalWORKs benefits and also help them to achieve self-sufficiency.

h) Statement of Specific Technology or Equipment

This regulatory action will not mandate the use of new, specific technologies, or equipment.